



State of Utah

Department of
Environmental Quality

Dianne R. Nielson, Ph.D.
Executive Director

DIVISION OF AIR QUALITY
Richard W. Sprott
Director

JON M. HUNTSMAN, JR.
Governor

GARY HERBERT
Lieutenant Governor

DAQ-066-2005

TO: Air Quality Board

THROUGH: Rick Sprott, Executive Secretary

FROM: David Beatty
Operating Permits Section

DATE: August 4, 2005

SUBJECT: Proposed for Public Comment: Operating Permit Program Proposed Fee for
Fiscal Year 2007

Background:

Title V of the Clean Air Act Amendments of 1990 (CAAA) requires the State of Utah to develop an Operating Permit Program (OPP) to include a fee system which is to be used to fund all direct and indirect costs associated with administering the OPP. Section 19-2-109.1 (4)(a) of the Utah Conservation Act authorizes the Utah Air Quality Board (the Board) to propose to the legislature an annual emission fee that conforms to Title V of the CAAA for each ton of regulated pollutant.

Utah began collecting an emission fee of \$7/ton of air pollution during fiscal year 1993 to fund development of the program. The fee was raised to \$15/ton during fiscal year 1994 to fund continuing development and beginning implementation of the program. However, due to a rollover of existing funds from the previous year, the actual fee charged was \$12.50/ton for fiscal year 1994. For fiscal year 1995 and again in fiscal year 1996, the fee was \$21.70/ton. The fee was raised to \$26.08/ton for fiscal year 1997, to \$26.44 for fiscal year 1998, and to \$27.75 for fiscal year 1999. For fiscal year 2000 the approved fee was \$29.43/ton, and due to a surplus in fiscal year 1999, a rollover was applied to the funding requirements for fiscal year 2000 to reduce the actual fee charged to \$26.53/ton, or \$2.90 less than allowed by the legislature. In fiscal year 2001 the fee charged was \$29.43, fiscal year 2002 \$31.22/ton, fiscal year 2003 \$35.05/ton, and fiscal year 2004 \$36.31. The approved fee for fiscal year 2005 was \$37.47 but due to a surplus in fiscal year 2004, a rollover was applied to the funding requirements for fiscal year 2005 to reduce

the actual fee charged to \$37.06/ton, or \$0.41 less than allowed by the legislature. The fiscal year 2006 fee charged was \$39.94/ton.

For fiscal year 2007 staff is basing its proposal on an emissions inventory of 79,000 tons. This amount includes an increase of 1,000 tons due to small emission increases by many sources. In addition, staff is proposing to base the fee on a staff size of 34 FTE's. The fee calculation is shown in the table below and includes a benefit and merit increase of 4.75%.

Operating Permit Emission Fee for Fiscal Year 2007:

FY2006 Projected Salary + Benefits	\$2,515,871	
FY2007 Projected Increase @ 4.75%	\$119,504	
FY2007 Projected Salary + Benefits w/ Projected Increase		\$2,635,375
FY2007 Indirect Costs (Using 12.6% from FY 2006)	\$332,057	
FY2007 Direct Costs (Using FY2006 projections)	\$432,209	
FY2007 Projected Total Expenditures		\$3,399,641
FY2007 Projected Fee Tonnage	79,000	
FY2007 Proposed Fee Rate Per Ton of Emissions		\$43.03¹

¹Current Fee (FY2006) is \$39.94; Difference is \$3.09 per ton

Therefore, staff recommends that the Board submit as part of the Department's fee schedule, a proposed fee of \$43.03/ton for the operating permit program for fiscal year 2007.

As part of the fee development process, the fee is included as part of the Department's fee schedule each fall (see attached). Additionally, a public comment period will be held to allow an opportunity for interested parties to comment on the Department fee schedule and a public hearing will be scheduled during October 2005. Notice of the comment period and public hearing will be provided in the Legal Notices section of the major newspapers in the state.